



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

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June 29, 2001

Jerry Holliday  
Holliday Construction Inc.  
700 East Brown Canyon Road  
P.O. Box 502  
Blanding, Utah 84511

Re: Request to Post Revised Form of Reclamation Surety, Holliday Construction Inc., Lime Ridge Mine, M/037/081, San Juan County, Utah

Dear Mr. Holliday:

As you know, the Division is in the process of finalizing its approval of your large mine permit application for the Lime Ridge Mine. You have provided surety to secure reclamation of this mine site with the School Institutional Trust Lands Administration (SITLA). Until recently, three Certificates of Deposit (CD) had been filed with SITLA which totaled \$57,500. Surety is provided to meet mine reclamation requirements and to ensure that SITLA's state mineral lease rental and royalty payments are met. The Division calculated a \$50,600 reclamation surety amount for this project.

As discussed during our June 25, 2001 telephone conversation, the Division must have unencumbered access to the reclamation surety should a bond forfeiture become necessary. Because we are not listed as a beneficiary on the certificates, we must request that the sureties be revised accordingly. We have received concurrence from SITLA to allow our agency to hold the required \$50,600 reclamation surety in our name for this project. SITLA will likely require a separate surety be posted with their office to secure their rental and royalty lease payment provisions. You should contact John Blake directly at (801) 538-5152 to discuss their lease requirements.

Assuming you will continue to use Wells Fargo Bank and Zion's Bank as the agents to handle your surety arrangements, we will forward a copy of this letter with appropriate instructions to revise the current certificate(s) to their respective Blanding branch offices. Please contact Carol Pionke at Wells Fargo Bank (435) 678-2232, and Misty Perkins at Zion's Bank


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(435) 678-3241 to authorize these changes. The certificate(s) should be made out in the operator's name, Jerry Holliday Construction Inc., "*for the benefit of* the Utah State Division of Oil, Gas and Mining." The name of the mine (Lime Ridge Mine) and the assigned permit number (M/037/081) should also be listed on the face of the Certificate. An example CD and standard cover letter is attached for reference. The certificate would ideally only be redeemed or released by signature of the Division Director.

When we receive the revised certificate(s) which securesthe required \$50,600 reclamation surety amount, we will be prepared to issue our final approval of the Lime Ridge Mine large mine permit.

Thank you for your patience and cooperation in finalizing this permitting action. Please contact me at (801) 538-5286, if you have questions regarding the requirements of this letter.

Sincerely,



D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb  
Enclosure: Example CD and draft cover letter  
cc John Blake, SITLA  
Calvin Bulch, Branch Manager -Wells Fargo Bank  
Dan Johnson, Branch Manager -- Zions Bank  
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